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UNITED STATES DEPARTMENT OF AGRICULTURE
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FARM BUSINESS ANALYSIS
LINCOLN COUNTY, 1948

La Crosse & Madison, Wisconsin
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FARM BUSINESS ANALYSIS
LINCOLN COUNTY, 1948 1/

Introduction

Lincoln County farm land consists of many different kinds of soils, some of which are more productive than others. As usually is the case, some farmers are more successful at raising crops and livestock than others, even where the land is of the same quality. In 1947, the Soil Conservation Service and the Wisconsin Agricultural Experiment Station began a study of some of the differences in land, in production and in income from farms in the county. This report, which is based upon 56 farm records for 1948, is prepared primarily for the use of farmers who have cooperated in the study. A more detailed report will be prepared later as the study progresses.

This report includes data from farm records of 33 G.I. on-the-farm trainees, 20 Farmers Home Administration clients and 6 farm records supervised directly by the Agricultural Experiment Station. There was very little difference in average productions, income and costs between the two major groups mentioned above except for the higher investment in land, buildings, equipment and livestock on the trainee's farms. Annual depreciation and interest charges, therefore, are greater on these farms.

Volume of business plus efficiency means larger net profits.

This group of farms is typical of others in that there are wide variations in receipts, expenses and net income within the group. For example, the nine highest profit farms netted more than seven times the operator's labor earnings received by the nine lowest profit farmers of the group.

The higher incomes were due to larger scale operations - larger crop acreages and a greater number of productive livestock and to higher production efficiency - larger crop yields per acre, more efficient use of labor, higher butterfat production per cow and greater feeding efficiency. Four of the nine highest profit farms were on the better drained soil types, four were on poorly drained types and one on sandy soils.

Large gross income paid off in 1948.

The average gross farm income on the nine highest profit farms was 84 per cent greater than the average for the nine lowest profit farms. On the other hand, total farm expenses were only 25 per cent greater for the former group of farms.

More feed and commercial fertilizers were purchased on the highest profit farms and cash expenses for power and machinery, miscellaneous crops and livestock items and hired labor also were greater for the highest profit farms. Most of these expenditures contributed more or less directly towards a larger volume of production.

1/ H. O. Anderson, Project Supervisor, Economic Research, Soil Conservation Service and P. E. McNall, Division of Agricultural Economics, University of Wisconsin. Wm. Lonsdorf of the Farmers Home Administration, Joe Jackelen and King Oelhafen of the Soil Conservation District Office, Martin Burkhardt and Allan Bullis of the Merrill School of Vocational and Adult Education actively cooperated in this study.

More crops and livestock on highest profit farms.

The nine highest profit farms were larger than the average of all farms from the standpoint of all types of crops. Hay yields were 46 per cent higher, oat yields 19 per cent higher, and potato yields 6 per cent higher. These farms also were larger from the standpoint of livestock numbers and livestock production. The average dairy herd consisted of about 18 cows and 12 head of young cattle, 71 hens and 6 hogs on the nine highest profit farms as compared with 12 cows, 8 head of young cattle and 34 hens, average for all farms. Better selection of the most profitable combination of crops and livestock, higher yields per acre, proper feeding and care of livestock are necessary if incomes of the less profitable farms are to be brought in line with the higher incomes of the high profit group.

All around good farming pays.

As usual, high rating in several of the more important factors (such as man work units, value of crops per crop acre, butterfat production per cow, returns per $100 feed, labor efficiency and crop acres per livestock unit) pays off in terms of larger net incomes. All of the nine highest profit farms were average or above, in four or more of the six factors mentioned above. In order to get into the larger net income group, it is necessary to be average, or above, in most of these factors. Figure 1 helps each farmer, cooperating in this study, to check his rating with the averages of the entire group.

No. factors above average	No. farms	Operator's labor earnings
6	3	$3953
4 or 5	20	2345
2 or 3	25	1528
0 or 1	8	1082

Land improvement

Two of the most important factors affecting net income are size of farm as shown by the crop acreage and the crop productions from these acreages. About half of the farmers included in this group have taken steps to increase the acreage in crops or to improve the land by drainage. During the past two years, 19 of the 33 G. I. trainees cleared 87 acres and drained 129 acres, or an average of about 11 acres per farm. During this same period, 7 of the 20 F. H. A. clients, cleared 30 acres and terraced 15 acres, averaging over 6 acres per farm. The full effect of these improvements upon income will not show up for a year or two.

Small farms or low crop yields are difficult factors to overcome. These records show, however, that if the farmer is an efficient feeder and has good production from his livestock as well as being careful to use his labor to advantage, he can overcome some of the handicaps of low yields or small acreages.

Operator's earnings	Man work units	Man work units per man	Value of crops per crop acre	Feed purchased per an. unit	Returns per $100 feed	Lbs. of butterfat sold per cow	Crop acres per livestock unit
$5086	630	367	$69	$82	$375	325	1.1
4286	555	327	61	72	335	305	1.5
3486	480	287	53	62	295	285	1.9
2686	405	247	45	52	255	265	2.3
1886	330	207	37	42	215	245	2.7 — AVE
1086	255	167	29	32	175	225	3.3
286	180	127	21	22	135	205	3.9

Figure 1.--A rating of average or better in most of these factors usually results in high operator's earnings.

Table 1.--Detail of earnings, Lincoln County, Wisconsin, 1948

	Ave. your farm	Ave. 56 farms	9 high profit farms	Ave. 33 G.I. 1/ farms	Ave. 20 F.H.A.1/ farms
Milk and cream sold ...	_____	$3386	$5162	$3418	$3028
Cattle sales	_____	825	1308	827	704
Hog sales	_____	78	295	93	31
Poultry and egg sales..	_____	122	280	66	105
Other livestock sales..	_____	100	49	108	110
Off farm income	_____	293	119	221	442
Cash crop sales	_____	55	101	53	31
Wood sales	_____	152	121	160	143
Miscellaneous income...	_____	190	131	225	170
Cash receipts	_____	$5201	$7566	$5171	$4764
Farm produce used	_____	588	626	498	676
Inventory increase	_____	1434	1705	1482	1324
Gross farm income....	_____	$7223	$9897	$7151	$6764
Feed bought	_____	$ 793	$1204	$ 741	$ 715
Auto & equipment exp. .	_____	489	580	502	403
Livestock expense	_____	172	211	162	170
Crop expense	_____	316	485	334	203
Labor hired	_____	113	112	103	74
Real estate expense ...	_____	80	129	83	58
Miscellaneous expense..	_____	283	390	277	238
Cash operating expense	_____	$2246	$3111	$2202	$1861
Livestock bought	_____	$ 254	$ 98	$ 341	$ 175
Equipment bought	_____	1093	1102	1190	1064
Real estate improvement	_____	553	487	735	336
Inventory decrease	_____	--	--	--	--
Unpaid family help	_____	559	440	554	567
Board of hired help	_____	37	62	27	40
Total farm expense....	_____	$4742	$5300	$5049	$4043
Net farm income	_____	$2481	$4597	$2102	$2721
Interest on investment	_____	595	768	662	449
Operator's labor earnings	_____	$1886	$3829	$1440	$2272

1/ Three farms are included in both of these groups.

Table 2.--Acres in farm, Lincoln County, Wisconsin, 1948

	Ave. Your farm	Ave. 56 farms	9 high profit farms	Ave. 33 G.I. farms	Ave. 20 F.H.A. farms
Alfalfa	_____	.7	2.5	.3	.3
Clover	_____	2.6	1.7	4.4	--
Timothy	_____	7.2	2.7	11.2	.9
Mixed hay	_____	15.5	22.7	10.0	24.1
Other hay	_____	.9	--	1.1	.7
Total hay	_____	26.9	29.6	27.0	26.0
Corn grain	_____	.2	1.0	.1	.1
Corn silage	_____	5.4	6.8	5.2	6.5
Total corn	_____	5.6	7.8	5.3	6.6
Oats	_____	11.9	15.2	11.4	9.9
Wheat	_____	.2	.2	.1	.3
Other grain	_____	.3	--	.5	--
Total grain	_____	12.4	15.4	12.0	10.2
Potatoes, garden & misc.	_____	.4	.3	.4	.4
Total crops	_____	45.3	53.1	44.7	43.2
Per cent of cropland in:					
Soil conserving crops	_____	57	56	58	59
Row crops	_____	14	16	13	16
Small grain	_____	29	28	29	25

Table 3.--Yields per acre, Lincoln County, Wisconsin, 1948

	Ave. your farm	Ave. 56 farms	9 high profit farms	Ave.33 G. I. farms	Ave.20 F.H.A. farms
Alfalfa, tons	_____	1.7	2.0	1.7	1.3
Clover, tons	_____	1.7	1.9	1.7	--
Timothy, tons	_____	.9	1.3	.9	.9
Mixed hay, tons	_____	1.5	1.9	1.3	1.5
Miscellaneous hay, tons	_____	1.0	--	1.1	1.0
All tame hay, tons	_____	1.3	1.9	1.2	1.4
Corn silage, tons	_____	8.9	10.2	8.3	8.8
Oats, bu.	_____	37.0	44.0	35.0	38.0
Potatoes, bu.	_____	123.0	131.0	108.0	128.0

Table 4.--Miscellaneous comparisons, summary table, Lincoln County, Wisconsin, 1948

	Ave. your farm	Ave. 56 farms	9 high profit farms	Ave. 33 G. I. farms	Ave. 20 F.H.A. farms
Operator's labor earnings...	_____	$1886	$3829	$1440	$2272
Man work units	_____	330	414	321	317
Man work units per man	_____	207	275	205	207
Crop acres	_____	45.3	53.1	44.7	43.2
Value of crops per crop acre	_____	$ 37	$ 49	$ 34	$ 40
Crop acres per L.S. unit ...	_____	2.7	2.1	2.7	2.9
Animal units	_____	17.8	26.5	18.0	15.7
Butterfat sales per cow, lbs.	_____	247	255	244	251
Returns per $100 feed	_____	$ 214	$ 220	$ 227	$ 198
Feed purchased per L.S. unit	_____	$ 42	$ 45	$ 38	$ 46

Table 5.--Farm investment, Lincoln County, Wisconsin, 1948

	Ave. your farm	Ave. 56 farms	9 high profit farms	Ave. 33 G. I. farms	Ave. 20 F.H.A. farms
Land and buildings	_____	$ 6,331	$ 7,420	$ 7,359	$ 4,305
Machinery	_____	2,158	3,051	2,208	1,963
Feed	_____	832	1,315	799	659
Supplies	_____	109	217	120	31
Productive livestock	_____	2,387	3,266	2,672	1,944
Horses	_____	86	88	88	78
Total	_____	$11,903	$15,357	$13,246	$ 8,980

Table 6.--Livestock organization, Lincoln County, Wisconsin, 1948

	Ave. your farm	Ave. 56 farms	9 high profit farms	Ave. 33 G. I. farms	Ave. 20 F.H.A. farms
Cows, no.	_____	12.1	17.8	12.4	10.5
Other cattle, no.	_____	8.1	11.8	8.0	7.3
Sheep, no.	_____	.1	--	--	.3
Hens, no.	_____	34.0	71.0	23.0	33.0
Turkeys, no.	_____	3.0	--	--	9.0
Hogs, no.	_____	1.7	5.7	2.1	.8
Productive livestock units.	_____	16.7	25.1	16.8	14.7
Horses, no.	_____	1.1	1.4	1.2	1.0
Total livestock units	_____	17.8	26.5	18.0	15.7
Butterfat sold, lbs.	_____	2963	4547	2972	2641
Butterfat sold per cow, lbs.	_____	247	255	244	251